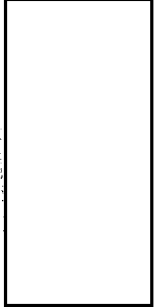


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CENTRAL INTELLIGENCE AGENCY

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CPW REPORT NO. 62 -- COMMUNIST CHINA

(Feb. 16 - 22, 1953)

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1. (1a) Soviet Economic Penetration: Peking asserted (Feb. 16) that "Anchang" had converted another crucible into an open-hearth furnace to increase steel production. Peking reported in numeral code (Feb. 22) that rich deposits of petroleum, coal, copper, iron, manganese, wolfram, beryllium, and zinc had been discovered in Sinkiang and the Northwest. Peking said in numeral code (Feb. 22) that Chinese engineers building the Lanchow-Sinkiang Railway "took the advice of the Soviet experts" and relocated the Mushaoing section of the railway.

2. (1b) Sino-Soviet Friendship: Peking announced in numeral code (Feb. 22) that Fourth Field Army officers wrote articles on the 35th anniversary of the Soviet army. Mukden said (Feb. 22) that Chinese air ace Wang Hui sent a letter of greetings to Soviet air aces. Kunning reported (Feb. 19) that Chou En-lai headed a goodwill delegation to Dairen for celebration of Red Army Day, and spoke on close fraternal ties between Chinese and Russians.

Tsinan reported (Feb. 18) that the Tsingtao SSFA exhibited Soviet photos and dedicated an SSF hall on the 3rd anniversary of the SSF Pact. Shanghai (Feb. 17) reported a reception by the Soviet consul honoring the SSF Pact anniversary. Hotel stated (Feb. 17) that four Anhwei hsien called meetings at which SSFA officials told the peasants that "they must emulate the USSR and patriotically defend their country," and that SSFA units must expand their membership. Canton said (Feb. 16) that the Soviet consul attended local ceremonies honoring the SSF Pact, with speakers calling for emulation of the USSR and stronger fraternal ties. Chungking reported (Feb. 18) that the 10,000 Kwetchow SSFA members celebrated the SSF Pact anniversary.

3. (1c) Soviet Superiority: Peking said (Feb. 18) that the Mukden SSFA reported 266 classes with 12,800 Russian-language students, of which 217 with 4,000 students are currently operating. Administrators were urged to get more cadres into the classes, "as they must be able to read Russian books." Peking said in numeral code (Feb. 18) that last year scientific societies sent 3,000 Russian books to China.

Wuhan (Feb. 20) announced that Wuhan University had reorganized its curriculum along the Soviet pattern, with use of Soviet teaching methods and materials, and meetings to accelerate their adoption. Chungking said (Feb. 19) that Kwetchow transport workers successfully installed Soviet trailer transport methods. Peking stated in numeral code (Feb. 22) that the Wuhan Party Committee was sponsoring lectures by cadres "with a good knowledge of Soviet experiences" to improve production knowledge of 400 workers.

Peking in numeral Code (Feb. 22) quoted Chou En-lai in his Dairen speech as declaring that the PLA "always has considered it an honor to learn from the Soviet armed forces," and like USSR soldiers, PLA men "are permeated with internationalism." By imitating the Soviet Army and "enthusiastically studying Stalin's works," the PLA had made spectacular progress in three years. The PLA was pledged to "double its efforts to learn from the Soviet Army," and in addition "the humble study and utilization of advanced Soviet experiences" was essential to the basic construction program.

4. (1c) Debt to the USSR: Peking in numeral code (Feb. 22) quoted Chou En-lai at Dairen as saying that the Soviet troops at Port Arthur were of "paramount significance in halting and smashing the machinations of imperialism." They were "good sons of the Soviet people, and fighters trained by the great comrade Stalin," bravely safeguarding the peace and protecting China from aggressors.

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- 3 -

Antung (Feb. 16) quoted SSF Pact anniversary speakers as expressing deep gratitude for Soviet aid in the reconstruction of China. Tihua said (Feb. 16) that a JEN MIN JIH PAO article pointed out the large number of Soviet experts who helped develop China's economy and resist American aggressors in Korea. Chungking (Feb. 16) told of an SSF Pact rally stressing the importance of Soviet aid and the "sincere gratitude of the Chinese people for Soviet aid and guidance."

5. (2a) War Burdens: Peking in numeral code (Feb. 16) quoted Finance Minister Po I-po as saying that 22.3 percent of China's budget was earmarked for national defense, as compared to 74 percent of the U.S. budget allocated for war expenditures. Taxes contributed 49.2 percent to China's revenue, while 29.97 percent came from State enterprises.

Peking asserted in numeral code (Feb. 17) that CPV fighters presented Spring Festival gifts and programs to establish closer relations with the Korean masses. Peking also announced (Feb. 20) that 267 Shanghai railway workers had left for Korea "to carry on transport work there."

6. (2b) Trade Problems: Peking said in numeral code (Feb. 18) that Northwest China General Sales Company cadres were instructed to "study at night in order to improve their efficiency." Shanghai stated (Feb. 18) that the Local People's Bank had issued large loans to merchants for the Spring Festival, allowing many food shops to "ship in new supplies of food." Peking (Feb. 21) announced Communications Ministry reduction in charges at five major ports to promote trade.

7. (3a) Basic Construction: Canton reported (Feb. 19) that registration of unemployed for assignment to basic construction had started in 13 Kwangtung cities.

Peking charged in numeral code (Feb. 17) that many basic construction projects were "aimless and a waste of money and materials." Sugar and soy sauce factories were listed as basic construction; a paper mill was designed for Lanchow, far from both market and materials; although a Tihua flour mill supplied all local needs, cadres planned a new one twice as large; and, plans were made to manufacture matches in Tihua, despite the high cost.

Peking in numeral code (Feb. 19) quoted the JEN MIN JIH PAO as stating many basic industry plans were too ambitious or too expensive. In the Southwest a steel mill larger than Chungking's mill no. 101 was planned, without consideration for ore supplies.

8. (3a) Bureaucratic Weaknesses: Peking announced in numeral code (Feb. 20) a "campaign to combat bureaucracy, authoritarianism, and lack of discipline" at all levels in Kiangsu Party and Government organizations. Shanghai (Feb. 21) quoted the CHIEH FANG JIH PAO in reporting the Local Party Conference and its exposure of the "disorderly condition of the Party and the bureaucratic behavior of the cadres." The paper demanded a "party housecleaning," with cadres to study Malenkov's report to the 19th Soviet Party Congress and heeding letters from the people. Peking stated in numeral code (Feb. 20) that the Kiangsu Party Committee had charged cadres with disregarding 20,000 letters from the people.

Tsinan reported (Feb. 18) that the Monopoly and Food Bureaus had made unauthorized use of funds, diverting more than 30 million yuan for private purposes. Nanking charged (Feb. 18) that poor leadership and ignorance of construction problems caused a loss of 350 million yuan in the construction of workers' houses at Wuhsien, Kiangsu.

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- 4 -

Peking stated in numeral code (Feb. 18) that misuse of personnel was flagrant in North China collieries, with engineers assigned to changing light bulbs, survey teams organized without technicians, and mining operations carried out without prior tests. Test holes often were drilled over abandoned mines. Peking added (Feb. 18) that coal mine cadres had failed to implement safety measures, with deaths in the mines increasing by 13 percent, injuries by 51.3 percent, and work stoppages by 49.4 percent last year.

9. (3b) Resistance to Change: Peking announced in numeral code (Feb. 19) that March had been designated as Marriage Law Implementation Month, with the Communist Party to supervise all local governments and organizations in carrying out the program. The law had been misinterpreted, even by some Party members, who had shown no enthusiasm and "even expressed support for the feudalistic marriage system."

Cadres who attempted to enforce the law had "underestimated the inertia of feudalistic concepts and traditions in the marriage system," had ignored Lenin's warning that "the traditions of millions of people forms a most horrible force," and had used improper "struggle meetings," "confession meetings," and "family inspections." They had ignored the fact that feudalistic marriage traditions had taken root over thousands of years, and could not be eliminated at once.

10. (3e) Agricultural Remolding: Antung reported (Feb. 17) that "after learning from the USSR" 54 Liaotung households organized the Tung Fang Hung Mechanized Farm. Chungking said (Feb. 19) that peasants in nine Szechwan hsien neglected their cattle, many dying during the winter. In Suining Hsien 593 head died, greatly affecting agricultural production.

11. (4) Border Minorities: Peking asserted (Feb. 18) that people throughout the nation held friendly conferences with military personnel during the Spring Festival. In Tsinua a meeting honored the PLA, with large quantities of food and 460 million yuan distributed by local governments. Chungking reported (Feb. 20) that Yaan and Pao, Sikang, cadres were severely criticized for failing to implement Sikang Party Committee production reform orders "because they had no confidence in the Party's orders."

12. (4) Concern with Japan: Peking asserted (Feb. 18) that Japanese merchants had petitioned the Finance Minister to oppose the foreign investment policies of the U.S.-Japanese Trade and Navigation Treaty, which would give the United States control of Japanese industry.

Peking announced (Feb. 18) that Sino-Japanese Red Cross delegations met to discuss repatriation of Japanese. Peking asserted in numeral code (Feb. 18) that Chinese students had sent money to poor unemployed Japanese students, and added (Feb. 22) that although Japan was suffering from a food shortage, Dulles was pressing for an accelerated armaments program.

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